

Alma Public Schools

Alma, Michigan

Annual Financial Statements

and

Auditors' Report

June 30, 2004

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Alma Public Schools
Alma, Michigan
Members of the Board of Education and Administration
June 30, 2004

Members of the Board of Education

ART MCCLINTIC	PRESIDENT
ANTHONY COSTANZO	VICE-PRESIDENT
SHARIE REZNICH	SECRETARY
DENNIS GARDNER	TREASURER
TAMI MAISEL	TRUSTEE
WILLIAM CONN	TRUSTEE
MARCIA HUNTOON	TRUSTEE

Administration

DON PAVLIK	SUPERINTENDENT
MARK JACOBS	DIRECTOR OF FINANCE

Independent Auditors' Report

To the Board of Education
Alma Public Schools
Alma, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Alma Public Schools as of and for the year ended June 30, 2004, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Alma Public Schools' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Alma Public Schools as of June 30, 2004 and the respective changes in financial position, thereof, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 13, 2004 on our consideration of the Alma Public School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The administration's discussion and analysis and budgetary comparison information identified in the table of contents are not a required part of the basic financial statements but are supplemental information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Alma Public Schools' basic financial statements. The accompanying other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Yeo & Yeo, P.C.

Alma, Michigan
August 13, 2004

Alma Public School District

Management's Discussion and Analysis

This section of the Alma Public School District annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2004. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Alma Public School District financially as a whole. The *Government-wide Financial Statements* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant fund – the General Fund, with all other funds presented in one column as non-major funds. The remaining statement, the statement of fiduciary net assets, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. The annual report is arranged as follows:

Management's Discussion and Analysis (MD&A)
(Required Supplemental Information)

Basic Financial Statements

District-wide Financial Statements

Fund Financial Statements

Notes to the Basic Financial Statements

(Required Supplemental Information)
Budgetary Information for General Fund

Other Supplementary Information

Single Audit Report

Alma Public School District

Management's Discussion and Analysis (continued)

Reporting the School District as a Whole – Government-wide Financial Statements

The statement of net assets and the statement of activities, which appear first in the School District's financial statements, report information about the School District as a whole using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. The statement of net assets includes all of the School District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

These two statements report the School District's net assets and how they have changed. Net assets – the difference between assets and liabilities, as reported in the statement of net assets – is one way to measure the School District's financial health, or position. Over time, increases or decreases in the School District's net assets – as reported in the statement of activities – are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the schools to assess the overall health of the School District.

The statement of net assets and statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted State aid (foundation allowance revenue), and State and federal grants finance most of these activities.

Reporting the School District's Most Significant Funds – Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds – not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Service and Athletics Funds are examples) or to show that it's meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

Governmental funds – All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides.

Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds in a reconciliation.

Alma Public School District

Management's Discussion and Analysis (continued)

The School District as Trustee – Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for its student activity funds. All of the School District's fiduciary activities are reported in separate statements of fiduciary net assets. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The School District as a Whole

Net Assets

The district's combined net assets are reflected in Table 1. The significant increase in both assets and liabilities result from the issuance of voter-approved bonds for building improvements and new construction. This \$24.2 million project started in the spring of 2004 and will continue through 2006. The unexpended bond proceeds of \$22.5 million are included in current assets at June 30, 2004.

TABLE 1	Governmental Activities (In Millions)	
	2004	2003
Assets		
Current and other assets	\$28.7	\$ 6.2
Property and equipment	<u>17.8</u>	<u>16.4</u>
Total assets	<u>\$46.5</u>	<u>\$22.6</u>
Liabilities		
Current liabilities	5.6	3.9
Long-term liabilities	<u>30.3</u>	<u>7.3</u>
Total liabilities	<u>35.9</u>	<u>11.2</u>
Net Assets		
Invested in property and equipment – Net of related debt	8.7	9.5
Restricted	0.4	0.8
Unrestricted	<u>1.5</u>	<u>1.1</u>
Total net assets	<u>\$10.6</u>	<u>\$11.4</u>

The School District's net assets were \$10.6 million at June 30, 2004. Capital assets, net of related debt totaling 8.7 million, compares the original cost, less depreciation of the School District's capital assets to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net assets are reported separately to show legal constraints from enabling legislation that limit the School District's ability to use those net assets for day-to-day operations. These restricted assets were utilized this year to build classrooms in addition to those built with bond funds. The remaining amount of net assets (1.5 million) was unrestricted.

Alma Public School District

Management's Discussion and Analysis (continued)

The 1.5 million in unrestricted net assets of governmental activities represents the *accumulated* results of all past years' operations. The unrestricted net assets balance enables the School District to meet working capital and cash flow requirements as well as provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the School District as a whole are reported in the statement of activities (see Table 2), which shows the changes in net assets for fiscal year 2004.

TABLE 2	Governmental Activities (In Millions)	6-30-04	6-30-03
Revenue			
Program revenue:			
Charges for services		\$ 0.7	\$ 0.8
Federal grants and entitlements		4.6	4.5
Capital grants and contributions		.3	-
General revenue:			
Property taxes		2.4	2.3
State foundation allowance		14.4	14.8
Other		<u>0.6</u>	<u>0.1</u>
Total revenue		<u>\$23.0</u>	<u>\$22.5</u>
Functions/Professional Expenses			
Instruction		\$ 12.2	\$ 11.6
Support services		7.1	6.8
Food services		0.7	0.7
Athletics		0.5	0.5
Community services		0.3	0.4
Intergovernmental payments		0.4	--
Interest on long-term debt		1.0	0.4
Capital Outlay (noncapitalized)		0.8	0.6
Other transactions		0.3	0.1
Depreciation (unallocated)		<u>0.5</u>	<u>0.4</u>
Total expenses		<u>23.8</u>	<u>21.5</u>
Increase (Decrease) in Net Assets		\$ <u><0.8></u>	\$ <u>1.0</u>

Revenues for the district's governmental activities increased 3.5% while total expenses increased 10.8%. The revenue increase resulted from several new federal grant programs and additional investment revenue from bond proceeds. The increase in expense results from additional interest on the new bond debt, program costs related to new grant programs, a voluntary severance plan offered to the teaching staff, and payroll and fringe benefit increases driven by health insurance premiums.

Alma Public School District

Management's Discussion and Analysis (continued)

The School District experienced a decrease in net assets of \$0.8 million. This decrease was attributable to an increase in total governmental activity expenses. Some of these increases were of a one-time nature such as interest expense on newly issued bonds (\$0.6 million) prior to the collection of associated tax revenue. We also recorded a temporary holding loss on investments (\$0.3 million) that will reverse in 2005. The District also experienced increases in salary and benefit costs in our primary services of Instruction and Support. These increasing costs will require additional revenue or an adjustment in service levels in the near future.

Since property taxes for operations and unrestricted State aid constitute the vast majority of School District operating revenue sources, the Board of Education and Administration must annually evaluate the needs of the School District and balance those needs with State-prescribed available unrestricted resources.

The School District's Funds

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide and may provide more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$24.4 million, which is an increase of \$21.5 million from last year. Of this increase \$21.3 million was attributable to the 2003 Capital Project Fund, which account for the 2003 bond proceeds.

In the General Fund, our principal operating fund, the fund balance decreased \$0.3 million to \$2.5 million. The unrestricted portion of the fund balance actually increased \$0.2 million to \$2.1 million, or approximately 9.8% of budgeted expenses.

The General Fund balance is available to fund costs related to allowable school operating purposes.

Our Special Revenue Funds had a net decrease in fund balance of approximately \$0.02 million. These funds are supported by General Fund transfers to cover any deficits.

The Debt Service Funds fund balance was stable for the year. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Debt Service Fund balances are reserved since they can only be used to pay debt service obligations. Millage rates were increased from 2.4 to 7.0 mills for 2005 to fund debt service on the 2003 Capital Bonds.

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was actually adopted just before year-end. (A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplementary information of these financial statements).

Alma Public School District

Management's Discussion and Analysis (continued)

Changes to the General Fund original budget were as follows:

Budgeted revenues increased \$1.7 million which is an 8.7% increase compared to the original budget. Approximately half of this increase was due to additional Federal grant revenue approved during the year. The balance of the increase resulted from additional State categorical funds and local revenue adjustments.

Budgeted expenditures increased \$2.3 million which is a 12.0% increase compared to the original budget. The changes were due to the anticipated increase in expenditures related to the additional Federal grant revenue, a voluntary severance plan, and additional capital improvements planned after the original budget adoption.

Actual revenues were \$0.1 million less than the final budgeted amounts, which is a 0.5% decrease over the final budgeted amount. This decrease was mostly due to federal revenue for counseling and after school grants, which were unspent. The overall difference was not significant.

Actual expenditures were \$0.3 million less than the final budgeted amounts, which is a 1.4% decrease. This decrease was attributable to Federal grant funds that were budgeted but not spent at year-end. Also actual expenditures were generally lower than anticipated across most budget functions. This overall difference was not significant.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2004, the School District had \$32.7 million invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of approximately \$1.4 million, or 8.5 percent, from last year.

	June 30, 2004 (In Millions)	June 30, 2003 (In Millions)
Assets not being depreciated – Land	\$ 0.7	\$ 0.7
Building and building improvements	20.8	20.7
Construction in progress	2.2	--
Furniture and equipment	7.5	7.5
Buses and other vehicles	<u>1.4</u>	<u>1.5</u>
Total capital assets	32.7	30.4
Less accumulated depreciation	<u>(14.9)</u>	<u>(14.0)</u>
Net capital assets	<u>\$17.8</u>	<u>\$16.4</u>

This year's additions of \$2.3 million included primarily construction in progress funded by 2003 Building and Site bond proceeds. The other additions included equipment, technology, furniture and renovations funded from grants and general revenues.

Alma Public School District

Management's Discussion and Analysis (continued)

Debt

At the end of this year the School District's General Obligation Bonds outstanding increased \$23.7 million due to the issuance of the 2003 Capital Improvement bonds for the construction of a new middle school and elementary school improvements.

	June 30, 2004 (In Millions)	June 30, 2003 (In Millions)
1998 Durant Bonds	\$ 0.2	\$ 0.2
2000 Energy Bonds	1.0	1.1
2000 Refunding Bonds	4.6	5.0
2003 Building & Site Bond	<u>24.2</u>	<u>--</u>
	<u>\$30.0</u>	<u>\$ 6.3</u>

Other obligations include capital leases and contracts payable as well as accrued compensated absences. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2005 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2005 fiscal year is 25 percent and 75 percent of the February 2004 and September 2004 student counts, respectively. The 2005 budget was adopted in June 2004, based on an estimate of students that will be enrolled in September 2004. Approximately 69 percent of total General Fund revenue is from the foundation allowance. Under State law, the School District cannot assess additional property tax revenue for general operations. As a result, School District funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2005 school year, we anticipate that the fall student count will be close to the estimates used in creating the 2005 budget. Once the final student count and related per pupil funding is validated, State law requires the School District to amend the budget if actual School District resources are not sufficient to fund original appropriations.

Since the School District's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. The State periodically holds a revenue-estimating conference to estimate revenues. The State foundation amount per pupil has not increased in three years. This has put a strain on budgets due to increasing employee benefit costs and mandated retirement contributions increases.

During the 2003-2004 fiscal year, the School District had unsettled labor contracts with the teachers and support staff. The financial impact on operations of settling these contracts is unknown.

Contacting the School District's Financial Management

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Department at 1500 North Pine Avenue, Alma, Michigan 48801.

Alma Public Schools
Statement of Net Assets
June 30, 2004

	<u>Governmental Activities</u>
Assets	
Current assets	
Cash	\$ 213,774
Accounts receivable	277,485
Due from other governmental units	3,085,235
Inventory	70,980
Investments	25,040,292
Prepays	<u>39,738</u>
Total current assets	<u>28,727,504</u>
Noncurrent assets	
Capital assets	
Land	723,068
Buildings and additions	20,347,106
Construction in progress	2,207,230
Site improvements	431,755
Equipment and furniture	7,526,155
Buses and other vehicles	1,420,158
Less: accumulated depreciation	<u>(14,852,461)</u>
Total noncurrent assets	<u>17,803,011</u>
Total assets	<u>\$ 46,530,515</u>

See Accompanying Notes to Financial Statements

Alma Public Schools
Statement of Net Assets
June 30, 2004

	Governmental Activities
Liabilities	
Current liabilities	
Accounts payable	\$ 1,533,347
Accrued interest on short-term note	12,302
State aid anticipation note	1,000,000
2000 Building and site bonds payable - current	420,000
2003 Building and site bonds payable - current	551,253
Energy and conservation bonds payable - current	60,000
IPA network equipment payable - current	15,664
IPA cabling payable - current	15,914
IIPA 66 acres payable - current	32,862
Capital lease - current	32,248
Payroll deductions, withholdings, and payroll related accrued liabilities	863,501
Accrued interest	233,477
Accrued salaries payable	833,143
Deferred revenue	45,887
Total current liabilities	<u>5,649,598</u>
Noncurrent liabilities	
Compensated absences payable	1,008,882
2000 Building and site bonds payable - long-term	4,200,000
2003 Building and site bonds payable - long-term	23,450,524
Energy and conservation bonds payable - long-term	930,000
IPA network equipment payable - long-term	7,832
IPA cabling payable - long-term	87,527
IIPA 66 acres payable - long-term	298,863
Capital lease - long-term	109,744
Durant payable	221,810
Total noncurrent liabilities	<u>30,315,182</u>
Total liabilities	<u>35,964,780</u>
Net Assets	
Invested in capital assets, net of related debt	8,674,951
Restricted for:	
Grants	342,765
Contributions	13,060
Unrestricted	1,534,959
Total net assets	<u>\$ 10,565,735</u>

See Accompanying Notes to Financial Statements

Alma Public Schools
Statement of Activities
Year Ended June 30, 2004

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
Instruction	\$ 12,204,541	\$ 66,469	\$ 3,664,444	\$ -	\$ (8,473,628)
Supporting services	7,141,797	15,748	484,678	-	(6,641,371)
Food services	742,343	321,422	406,160	-	(14,760)
Athletics	536,511	84,892	14,590	-	(437,029)
Community services	339,903	190,717	15,370	-	(133,816)
Intergovernmental payments	351,165	-	-	-	(351,165)
Interest on long-term debt	992,137	-	-	-	(992,137)
Other	285,384	-	-	-	(285,384)
Capital outlay (noncapitalized)	783,106	-	-	349,902	(433,204)
Depreciation - unallocated	460,348	-	-	-	(460,348)
Total governmental activities	<u>\$ 23,837,235</u>	<u>\$ 679,248</u>	<u>\$ 4,585,243</u>	<u>\$ 349,902</u>	(18,222,842)
General revenues					
Property taxes, levied for general purposes					1,785,502
Property taxes, levied for debt service					617,591
State aid - unrestricted					14,419,210
Interest and investment earnings					298,056
Rental income					89,995
Other					<u>193,976</u>
Total general revenues					<u>17,404,330</u>
Change in net assets					(818,512)
Net assets - beginning					<u>11,384,247</u>
Net assets - ending					<u>\$ 10,565,735</u>

Alma Public Schools
Balance Sheet - Governmental Funds
June 30, 2004

	General Fund	2003 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 107,897	\$ -	\$ 105,877	\$ 213,774
Accounts receivable	267,632	-	7,924	275,556
Due from other funds	-	-	594,469	594,469
Due from other governmental units	3,085,235	-	-	3,085,235
Inventory	57,943	-	13,037	70,980
Investments	2,510,524	22,529,768	-	25,040,292
Prepaid expenditures	36,112	-	3,626	39,738
	<u>\$ 6,065,343</u>	<u>\$ 22,529,768</u>	<u>\$ 724,933</u>	<u>\$ 29,320,044</u>
Total assets				
Liabilities and Fund Balance				
Liabilities				
Accounts payable	\$ 194,811	\$ 1,223,587	\$ 114,949	\$ 1,533,347
Accrued interest on short term note	12,302	-	-	12,302
Short term note	1,000,000	-	-	1,000,000
Due to other funds	581,031	-	11,509	592,540
Payroll deductions and withholdings and payroll related accrued liabilities	863,501	-	-	863,501
Accrued salaries payable	833,143	-	-	833,143
Deferred revenue	45,307	-	580	45,887
	<u>3,530,095</u>	<u>1,223,587</u>	<u>127,038</u>	<u>4,880,720</u>
Total liabilities				
Fund Balance				
Reserved for prepaids and inventory	94,055	-	10,399	104,454
Reserved for grants	342,765	-	-	342,765
Reserved for contributions	13,060	-	-	13,060
Reserved for debt service	-	-	104,230	104,230
Reserved for capital projects	-	21,306,181	490,892	21,797,073
Other undesignated (deficit)	2,085,368	-	(7,626)	2,077,742
	<u>2,535,248</u>	<u>21,306,181</u>	<u>597,895</u>	<u>24,439,324</u>
Total fund balance				
Total liabilities and fund balance	<u>\$ 6,065,343</u>	<u>\$ 22,529,768</u>	<u>\$ 724,933</u>	<u>\$ 29,320,044</u>

Alma Public Schools
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2004

Total fund balances for governmental funds \$ 24,439,324

Total net assets reported for governmental activities in the statement of net assets is different because:

Assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Those assets consist of:

Land	\$	723,068	
Buildings and additions		20,347,106	
Construction in progress		2,207,230	
Site improvements		431,755	
Equipment and furniture		7,526,155	
Buses and other vehicles		1,420,158	
Less: accumulated depreciation		<u>(14,852,461)</u>	17,803,011

Long-term liabilities applicable to the School District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Current-term liabilities balances as of June 30, 2004 are as follows:

Building and site bonds payable	(420,000)	
2003 Building and site bonds payable	(551,253)	
Energy and conservation bonds payable	(60,000)	
IPA network equipment payable	(15,664)	
IPA cabling payable	(15,914)	
IPA 66 acres payable	(32,862)	
Capital lease payable	(32,248)	
Accrued interest payable	<u>(233,477)</u>	(1,361,418)

Long-term liabilities applicable to the School District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Long-term liabilities balances as of June 30, 2004 are as follows:

Compensated absences payable	(1,008,882)	
Building and site bonds payable	(4,200,000)	
2003 Building and site bonds payable	(23,450,524)	
Energy and conservation bonds payable	(930,000)	
IPA network equipment payable	(7,832)	
IPA cabling payable	(87,527)	
IPA 66 acres payable	(298,863)	
Capital lease payable	(109,744)	
Durant payable	<u>(221,810)</u>	<u>(30,315,182)</u>

Net assets of governmental activities \$ 10,565,735

See Accompanying Notes to Financial Statements

Alma Public Schools
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2004

	General Fund	2003 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Local sources	\$ 2,041,890	\$ 274,774	\$ 1,175,561	\$ 3,492,225
State sources	16,388,217	-	37,294	16,425,511
Federal sources	1,474,216	-	368,867	1,843,083
Interdistrict sources	1,077,104	-	-	1,077,104
Total revenues	<u>20,981,427</u>	<u>274,774</u>	<u>1,581,722</u>	<u>22,837,923</u>
Expenditures				
Current				
Education				
Instruction	11,750,062	-	-	11,750,062
Supporting services	7,027,035	-	-	7,027,035
Food services	-	-	735,545	735,545
Athletics	-	-	528,290	528,290
Community services	83,434	-	252,445	335,879
Intergovernmental payments	351,165	-	-	351,165
Capital outlay	617,749	2,376,689	153,299	3,147,738
Debt service	240,969	-	1,119,130	1,360,099
Total expenditures	<u>20,070,415</u>	<u>2,376,689</u>	<u>2,788,708</u>	<u>25,235,813</u>
Excess (deficiency) of revenues over expenditures	<u>911,012</u>	<u>(2,101,916)</u>	<u>(1,206,987)</u>	<u>(2,397,890)</u>
Other financing sources (uses)				
Bond proceeds	-	24,180,000	-	24,180,000
Holding loss on investments	-	(282,257)	-	(282,257)
Transfers in	-	-	1,668,663	1,668,663
Transfers out	(1,179,016)	(489,647)	-	(1,668,663)
Total other financing sources (uses)	<u>(1,179,016)</u>	<u>23,408,096</u>	<u>1,668,663</u>	<u>23,897,743</u>
Net change in fund balance	(268,004)	21,306,181	461,676	21,499,853
Fund balance - beginning	<u>2,803,252</u>	<u>-</u>	<u>136,219</u>	<u>2,939,471</u>
Fund balance - ending	<u>\$ 2,535,248</u>	<u>\$ 21,306,181</u>	<u>\$ 597,895</u>	<u>\$ 24,439,324</u>

Alma Public Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Year Ended June 30, 2004

Net change in fund balances - total governmental funds			\$ 21,499,853
Total change in net assets reported for governmental activities in the statement of activities is different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Depreciation expense	\$ (997,750)		
Capitalized capital outlay	2,364,632		
Loss on disposal of capital assets	<u>(550)</u>	1,366,332	
Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.			
Debt issued	(24,180,000)		
Repayments of long-term debt	509,236		
Repayments of capital lease payable	<u>28,319</u>	(23,642,445)	
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			
Amortization of bond discount	178,223		
Change in compensated absences payable	(50,882)		
Change in accrued interest on bonds	<u>(169,593)</u>	<u>(42,252)</u>	
Change in net assets of governmental activities			<u>\$ (818,512)</u>

See Accompanying Notes to Financial Statements

Alma Public Schools
Statement of Fiduciary Net Assets
June 30, 2004

	Private Purpose Trust Fund	Agency Funds
Assets		
Cash	\$ 7,193	\$ 175,239
Due from other funds	<u>-</u>	<u>-</u>
Total assets	<u>7,193</u>	<u>175,239</u>
Liabilities		
Due to student activities	-	173,310
Due to other funds	<u>-</u>	<u>1,929</u>
Total liabilities	<u>-</u>	<u>175,239</u>
Net assets		
Reserved for scholarships and loans	<u>\$ 7,193</u>	<u>\$ -</u>

See Accompanying Notes to Financial Statements

Alma Public Schools
Statement of Activities for Private Purpose Trust Funds
Year Ended June 30, 2004

	Private Purpose Trust Funds
Additions	
Interest	\$ 22
Deductions	
Awards	<u>1,000</u>
Change in net assets	(978)
Net assets - beginning	<u>8,171</u>
Net assets - ending	<u>\$ 7,193</u>

See Accompanying Notes to Financial Statements

Alma Public Schools
Notes to Financial Statements
June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Alma Public Schools (School District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

District-wide Financial Statements

The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district-wide financial statements categorize all nonfiduciary activities as either governmental or business type. All of the School District's activities are classified as governmental activities.

The statement of net assets presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net assets are reported in three parts (1) invested in capital assets, net of related debt, (2) restricted net assets, and (3) unrestricted net assets. The School District first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, interest, and investment earnings, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The School District does not allocate indirect costs. In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net assets resulting from current year activities.

Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both

Alma Public Schools
Notes to Financial Statements
June 30, 2004

measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted State aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Fiduciary fund statements also are reported using the economic resources measurement focus and the accrual basis of accounting.

The School District reports the following major governmental funds:

General Fund – The General Fund is used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

Capital Projects Fund – The Building and Site Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, building, equipment, and for remodeling and repairs.

Additionally, the School District reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include Food Service, Athletic, and Community Service Funds. The annual operating surplus or deficit generated by these activities is generally transferred to or from the General Fund.

Debt Service Fund – Debt Service Funds are used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

Fiduciary Funds – Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. This fund is used to record the transactions of student groups for school and school-related purposes.

Assets, Liabilities and Equity

Deposits and Investments – Cash includes cash on hand and demand deposits. Investments are stated at fair value.

Receivables and Payables – Generally, outstanding amounts owed between funds are classified as "due from/to other funds". These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

Property taxes and other accounts receivable are shown net of an allowance for uncollectible amounts.

Alma Public Schools
Notes to Financial Statements
June 30, 2004

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2004, the General Fund rate was 18.000 per \$1,000 of non-homestead assessed value and the Debt Fund rate was 2.400 per \$1,000 of both homestead and non-homestead assessed value.

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. The School District's tax roll lies within Gratiot, Montcalm and Isabella Counties.

Property taxes are assessed as of December 31 and attach as an enforceable lien on July 1 of the following year. School property taxes are levied on December 1 and July 1 and are due on or before March 1 and October 31, respectively. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the County of Gratiot and remitted to the School District before fiscal year end.

Inventories and Prepaid Items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and is recorded as prepaid items in both district-wide and fund financial statements.

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20-50 years
Buses and other vehicles	5-10 years
Furniture and other equipment	5-40 years

Compensated Absences – Sick days are earned by most employees at the rate of one day per school month (10 days per year). A maximum of 60 sick days may be accumulated by an employee. Retiring employees who meet certain age and years of service requirements are paid for accumulated sick days to a maximum number of days and at a rate determined by their job category.

Employees who are not teachers are awarded vacation days based on years of service, up to a maximum of 20 days. Retiring employees are paid for vacation days up to the maximum number of days accumulated.

The liability for compensated absences reported in the district-wide financial statements consists of unpaid, accumulated sick leave and vacation balances. The sick leave liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments, and other employees who are expected to become eligible in the future to receive such payments upon termination, are included. The liability for vacation is calculated based on days earned and the current rate. The amount reported is salary related and includes fringe benefits.

Long-term Obligations – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

Alma Public Schools
Notes to Financial Statements
June 30, 2004

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Data

Comparative data is not included in the School District's financial statements.

Eliminations and Reclassifications

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Economic Dependency

The School District received approximately 78% of their General Fund revenue from the Michigan Department of Education. Due to the significance of this revenue source, the School District is considered to be economically dependent on the Michigan Department of Education.

Concentrations

Approximately 67% of the School District's employees work under collective bargaining agreements. Unions whose existing agreements expired on June 30, 2004 represent 100% of these employees.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and State law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end.

The appropriation level adopted by the Board is the level of control authorized under the Act. The Act requires expenditures to be budgeted on a functional basis. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the Act if reasonable procedures are in use by the School District to detect violations.

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts are as originally adopted, or as amended by the Board of Education throughout the year. Individual amendments were not material in relation to the original appropriations which were amended.

Appropriations lapse at year-end and, therefore, cancel all encumbrances. These appropriations are reestablished at the beginning of the following year.

Alma Public Schools
Notes to Financial Statements
June 30, 2004

Excess of Expenditures over Appropriations

The School District did not have significant expenditure budget variances.

During the year ended June 30, 2004, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

Function	Total Budget	Amount of Expenditures	Budget Variances
General Fund			
Instruction			
Basic	\$ 9,050,144	\$ 9,055,393	5,249
Added needs	2,592,220	2,598,552	6,332
Adult/continuing education	94,533	96,117	1,584
Supporting Services			
Operations and maintenance	2,352,333	2,371,842	19,509
Staff/personel services	57,846	58,602	756
Capital outlay	593,933	617,749	23,816
Other uses - operating transfers	1,163,519	1,179,016	15,497
Special Revenue Funds			
Food Service	729,000	746,465	17,465
Community Service	230,246	255,553	25,307
Athletics	543,000	549,881	6,881

NOTE 3 - DEPOSITS AND INVESTMENTS

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits and investments are in accordance with statutory authority.

At year end, the School District's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash	\$ 213,774	\$ 182,432	\$ 396,206
Investments	<u>25,040,292</u>	<u>-</u>	<u>25,040,292</u>
	<u>\$ 25,254,066</u>	<u>\$ 182,432</u>	<u>\$ 25,436,498</u>

Alma Public Schools
Notes to Financial Statements
June 30, 2004

The breakdown between deposits and investments for the School District is as follows:

Deposits (checking and savings accounts, certificates of deposit)	\$ 2,088,375
Investments in securities, mutual funds, and similar vehicles	23,347,523
Petty cash and cash on hand	<u>600</u>
Total	<u>\$ 25,436,498</u>

The deposits of the School District were reflected in the accounts of financial institutions at \$ 1,951,689 of which \$ 211,565 is covered by federal depository insurance.

Investments are categorized into these three categories of credit risk:

Category 1 – Insured or registered, or securities held by the school district or its agent in the school district's name;

Category 2 – Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the school district's name; and

Category 3 – Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the school district's name.

At year end, the School District's investment balances were categorized as follows:

	<u>Cost</u>	<u>Carrying Amount</u>
Investments subject to categorization 2:		
Deposits with Michigan Schools District Liquid Asset Fund (MILAF)	\$ 23,629,780	\$ 23,347,523

Investments not subject to categorization are not evidenced by securities that exist in physical or book entry form.

Alma Public Schools
Notes to Financial Statements
June 30, 2004

NOTE 4 - CAPITAL ASSETS

A summary of the changes in governmental capital assets is as follows:

	Balance July 1, 2003	Additions	Disposals and Adjustments	Balance June 30, 2004
Assets not being depreciated				
Land	\$ 723,068	\$ -	\$ -	\$ 723,068
Construction in progress	-	2,207,230	-	2,207,230
Other capital assets				
Site improvements	399,794	31,961	-	431,755
Buildings and additions	20,253,247	93,859	-	20,347,106
Buses and other vehicles	1,523,349	-	(103,191)	1,420,158
Furniture and equipment	<u>7,475,475</u>	<u>63,380</u>	<u>(12,700)</u>	<u>7,526,155</u>
Subtotal	<u>30,374,933</u>	<u>2,396,430</u>	<u>(115,891)</u>	<u>32,655,472</u>
Accumulated depreciation				
Site improvements	(344,599)	(7,537)	-	(352,136)
Buildings and additions	(8,787,316)	(352,497)	-	(9,139,813)
Buses and other vehicles	(1,112,229)	(68,359)	103,191	(1,077,397)
Furniture and equipment	<u>(3,725,908)</u>	<u>(569,357)</u>	<u>12,150</u>	<u>(4,283,115)</u>
Subtotal	<u>(13,970,052)</u>	<u>(997,750)</u>	<u>115,341</u>	<u>(14,852,461)</u>
Net capital assets	<u>\$ 16,404,881</u>	<u>\$ 1,398,680</u>	<u>\$ (550)</u>	<u>\$ 17,803,011</u>

Depreciation expense was charged to activities of the School District as follows

Governmental Activities:

Instruction	\$ 420,388
Supporting services	97,971
Food service	6,798
Athletics	8,221
Community service	4,024
Unallocated	<u>460,348</u>

Total governmental activities \$ 997,750

Capital outlay on the government wide statements differs from this capital asset footnote because of the acquired capital lease of \$ 31,798.

Alma Public Schools
Notes to Financial Statements
June 30, 2004

NOTE 5 - INTERFUND RECEIVABLE AND PAYABLE AND TRANSFERS

Individual interfund receivable and payable balances at June 30, 2004 were:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>	<u>Purpose</u>
General Fund	\$ -	\$ 581,031	Reimbursement of District expenditures paid by other funds.
Athletics Fund	-	250	Reimbursement of District athletic costs paid by the General Fund.
Community Service Fund	-	3,718	Reimbursement of District community education and recreation costs paid by the General Fund.
Food Service Fund	-	7,541	Reimbursement of District food service costs paid by the General Fund.
Activity Fund	-	1,929	Reimbursement of District activity fund costs paid by the General Fund.
Capital Projects Fund	594,314	-	Grant funds from the General Fund to be transferred for classroom additions
2000 Debt Retirement Fund	<u>155</u>	<u>-</u>	Transfer of property tax refunds receipted by the General Fund.
	<u>\$ 594,469</u>	<u>\$ 594,469</u>	

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

Interfund transfers were made during the year ended June 30, 2004 between the General Fund, Community Service Fund, Capital Projects Fund, and the Athletic Fund totaling \$ 1,668,663. These transfers were made to cover the costs of the School District's programs that were in excess of revenues generated from those activities.

NOTE 6 - DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Grant and categorical and payments received prior to meeting all eligibility requirements	<u>-</u>	<u>45,887</u>
Total	<u>\$ -</u>	<u>\$ 45,887</u>

Alma Public Schools
Notes to Financial Statements
June 30, 2004

NOTE 7 - STATE AID ANTICIPATION NOTE

The School District issues state aid anticipation notes in advance of state aid collections, depositing the proceeds in the General Fund. These notes are necessary because the School District receives state aid from October through the following August for its fiscal year ending June 30th. The balance is due on August 20, 2004 and it has an effective interest rate of 1.43%.

Short-term debt activity for the year ended June 30, 2004 was as follows:

	Beginning Balance	Proceeds	Repayments	Ending Balance
State aid anticipation note	\$ 1,500,000	\$ 1,000,000	\$ 1,500,000	\$ 1,000,000

NOTE 8 - LONG-TERM DEBT

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. Other long-term obligations include compensated absences and capital lease agreements.

Long-term obligation activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Government obligation bonds	\$ 6,055,000	\$ 24,180,000	\$ 445,000	\$ 29,790,000	\$ 1,025,000
Discount on bond issuance costs	-	(181,350)	(3,127)	(178,223)	(6,253)
Other bonds	221,810	-	-	221,810	-
Capital lease	138,513	31,798	28,319	141,992	32,248
Contracts payable	522,898	-	64,236	458,662	64,440
Compensated absences	958,000	50,882	-	1,008,882	-
Total	\$ 7,896,221	\$ 24,081,330	\$ 534,428	\$ 31,443,123	\$ 1,115,435

Alma Public Schools
Notes to Financial Statements
June 30, 2004

Government obligation bonds payable at June 30, 2004 consists of the following:

2003 Building and Site Bonds due in annual installments of \$ 545,000 to \$ 950,000 through May 1, 2033, interest at 3.20% to 5.00%	\$ 24,180,000
2000 Energy Bonds due in annual installments of \$ 60,000 to \$ 120,000 through May 1, 2015, interest at 5.05% to 5.70%	990,000
2000 Refunding Bonds due in annual installments of \$ 420,000 to \$ 735,000 through May 1, 2012, interest at 4.60% to 5.00%	<u>\$ 4,620,000</u>
Total general obligation bonded debt	<u>\$ 29,790,000</u>

Future principal and interest requirements for bonded debt is as follows:

Year Ending June 30,	Principal	Interest	Total
2005	\$ 1,025,000	\$ 1,317,873	\$ 2,342,873
2006	1,090,000	1,278,083	2,368,083
2007	1,145,000	1,235,203	2,380,203
2008	1,200,000	1,189,601	2,389,601
2009	1,260,000	1,141,076	2,401,076
2010-2014	6,225,000	4,880,208	11,105,208
2015-2019	4,745,000	3,734,778	8,479,778
2020-2024	4,625,000	2,715,528	7,340,528
2025-2029	4,675,000	1,631,626	6,306,626
2030-2033	<u>3,800,000</u>	<u>475,000</u>	<u>4,275,000</u>
	<u>\$ 29,790,000</u>	<u>\$ 19,598,976</u>	<u>\$ 49,388,976</u>

Other bonds consist of the following:

1998 Durant Bonds due in annual installments of \$ 16,805 to \$ 81,149 through 5/15/2013; interest at 4.76% due annually	<u>\$ 221,810</u>
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Alma Public Schools
Notes to Financial Statements
June 30, 2004

Future principal and interest requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 16,805	\$ 7,576	\$ 24,381
2007	17,602	6,775	24,377
2008	81,149	33,906	115,055
2009	19,322	5,059	24,381
2010	20,241	4,139	24,380
2011-2013	<u>66,691</u>	<u>6,449</u>	<u>73,140</u>
	<u>\$ 221,810</u>	<u>\$ 63,904</u>	<u>\$ 285,714</u>

Capital lease consists of the following:

2003 purchase of 11 copier machines on a 60 month \$1 buy out capital lease. Monthly payment includes a maintenance component; interest stated at 7.00%	\$ 113,718
2004 purchase of 6 copier machines on a 60 month \$1 buy out capital lease. Interest stated at 8.25%	<u>28,274</u>
Total capital lease payable	<u>\$ 141,992</u>

The imputed cost of leased equipment is capitalized and charged to earnings using the straight-line method of amortization over estimated useful lives of the assets for financial reporting purposes. Generally, when items of leased property are retired or otherwise disposed of, the cost and related accumulated amortization are removed from the accounts and any resulting gain or loss is reflected in income. Estimated useful lives range from four to ten years.

Future principal and interest requirements for the capital lease is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 32,248	\$ 9,239	\$ 41,487
2006	34,655	6,832	41,487
2007	37,242	3,245	40,487
2008	35,296	1,474	36,770
2009	<u>2,551</u>	<u>44</u>	<u>2,595</u>
	<u>\$ 141,992</u>	<u>\$ 20,834</u>	<u>\$ 162,826</u>

Alma Public Schools
Notes to Financial Statements
June 30, 2004

Contracts payable consist of the following:

2000 Network Equipment installment contract due in semi-annual installments of \$ 7,832 through July 22, 2005 ; interest at 5.58% due semi-annually	\$ 23,497
2000 Cabling installment contract due in semi-annual installments of \$ 7,957 through July 22, 2010; interest of 5.73% due semi-annually	103,441
1999 66 acre installment contract due in monthly installments of \$ 2,722 to \$ 2,742 through July 25, 2014; interest of 5.1% changing to a variable rate starting September, 2004 due monthly	<u>331,724</u>
Total long-term contracts payable	<u>\$ 458,662</u>

Future principal and interest requirements for the contracts payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2005	\$ 64,440	\$ 23,711	\$ 88,151
2006	56,648	20,249	76,897
2007	48,816	17,440	66,256
2008	48,816	14,850	63,666
2009	48,816	12,260	61,076
2010-2014	188,378	27,238	215,616
2015	<u>2,748</u>	<u>140</u>	<u>2,888</u>
	<u>\$ 458,662</u>	<u>\$ 115,888</u>	<u>\$ 574,550</u>

Compensated Absences

Accrued compensated absences at June 30, 2004 consists of \$ 961,985 of sick hours earned and vested and \$ 46,897 of vacation pay.

NOTE 9 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and natural disasters. To minimize such risks of loss the District has purchased commercial insurance from independent third parties for general liability, property and casualty and health and vision claims.

In addition to risks described above, the District is subject to risk of loss as a result of employee injuries (worker's compensation). To minimize such risk of loss, the District participates in a public entity risk pool through the School Employers Group. The District's contribution to the pool during fiscal year 2003-04 net

Alma Public Schools
Notes to Financial Statements
June 30, 2004

of prior year rebates amounted to \$ 16,727. The possibility of additional liabilities in excess of current year contributions exists, however, these amounts are indeterminable and believed to be immaterial, and as such no contingent liabilities have been recognized on the District's financial statements for the year ended June 30, 2004.

The School District is subject to the Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured basis. Under this method the School District must reimburse the Employment Commission for all benefits charged against the School District for the year. The School District had unemployment compensation expense of \$ 16,134 for the year ended June 30, 2004. No provision has been made for possible future claims.

NOTE 10 - DEFINED BENEFIT PENSION PLAN

Plan Description

The School District has a defined benefit pension plan covering substantially all employees. The plan is operated by the State of Michigan's Public School Employees Retirement System (MPERS), which is a cost-sharing public employee retirement system (PERS).

The pension plan provides retirement, survivor and disability benefits to plan members and their beneficiaries.

MPERS operates within the Michigan Department of Management and Budget, Office of Retirement Systems who has the authority to establish and amend benefit provisions. The Michigan Department of Management and Budget issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing to:

Office of Retirement Services
P.O. Box 30171
Lansing, Michigan 48909-7671
800-381-5111

Funding Policy

The School is required by State statute to contribute to MPERS an actuarially determined percentage of payroll for all participating employees. Additionally, employees participating in the Member Investment Plan contributed 3% to 4.3% of their covered wages through payroll deduction. In addition to retirement benefits, a portion of the total MPERS contribution is allocated to cover health, dental and vision benefits.

Alma Public Schools
Notes to Financial Statements
June 30, 2004

The following table discloses pertinent information relative to MPSERS funding for the three-year period beginning July 1, 2001 through June 30, 2004.

	<u>Year Ended June 30,</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Funding Percentage Range	12.99%	12.17%-12.99%	12.16-12.17%
Total school, payroll	12,465,060	\$ 12,056,341	\$ 12,310,216
Total covered payroll	12,418,554	12,003,330	12,005,765
School contributions	1,613,285	1,540,478	1,460,857
Employee MIP contributions	349,916	332,304	318,788
Tax deferred payment program	54,041	29,818	31,873
Portion of school contribution covering health, dental and vision benefits	47%	47%	46%

Trend Information

Ten-year historical trend information is presented in the September 30, 2003 PERS Comprehensive Annual Financial Report. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. The total benefit obligations and net assets available for benefits as of September 30, 2002, the latest date for which information is available, approximate \$ 42 billion and \$ 38.4 billion, respectively. The School's share of the total current actuarially determined employer contribution requirement under MPSERS was less than 1% for the year ended September 30, 2003.

Post Employment Benefits

In addition to the pension benefits described above, the School District provides post-retirement health care, dental, and vision benefits for retirees and beneficiaries through Michigan Public School Employees Retirement System (MPSERS).

Expenditures for these benefits are recognized on a cash disbursement basis. During the year ended September 30, 2003, statewide expenditures of \$ 606.7 million were recognized for post-retirement health care, dental and vision. This represented approximately 21% of the total expenditures of the Michigan Public School Employees Retirement System.

NOTE 11 - FUND EQUITY

Specific reservations on fund equity include:

Reserved for scholarships and loans – This reserve was created to restrict the use of resources donated for scholarships and loans. The restriction is mandated by donor agreement.

Reserved for debt service – This reserve was created to segregate a portion of the fund balance account for debt service, including both principal payments and interest payments. The reservation was established to satisfy legal restrictions imposed by various bond agreements.

Alma Public Schools
Notes to Financial Statements
June 30, 2004

Reserved for grants and contributions – This reserve represents excess funding for programs in which legal or contractual requirements specify that the use of program revenue is restricted to a particular program.

Reserved for capital projects – This reserve represents unused school building and site improvement bond proceeds and interest earned on investments of those proceeds restricted for a new construction or improvement of facilities.

Reserved for prepaids and inventory – This reserve was created to acknowledge funds that have already been spent for resources available to subsequent periods.

NOTE 12 - CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year ended June 30, 2004.

NOTE 13 - SUBSEQUENT EVENT

Subsequent to June 30, 2004, the School District has paid the balance of the \$1,000,000 and accrued interest on the short-term state aid anticipation note borrowed in August of 2003 and has subsequently borrowed an additional \$1,500,000 in short-term state aid anticipation notes with annual interest of 1.99% through the Michigan Municipal Bond Authority. Proceeds from the borrowing will be distributed to the School District in August of 2004.

Alma Public Schools
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
Year Ended June 30, 2004

	Budgeted Amounts			Actual over (under) final budget
	Original	Final	Actual	
Revenues				
Local	\$ 2,100,055	\$ 2,131,959	\$ 2,041,890	\$ (90,069)
State	15,665,711	16,319,366	16,388,217	68,851
Federal	827,677	1,628,539	1,474,216	(154,323)
Interdistrict	807,000	1,012,725	1,077,104	64,379
Total revenues and other sources	19,400,443	21,092,589	20,981,427	(111,162)
Expenditures				
Instruction				
Basic programs	7,984,285	9,050,144	9,055,393	5,249
Added needs	2,593,966	2,592,220	2,598,552	6,332
Adult and continuing education	409,754	94,533	96,117	1,584
Supporting services				
Pupil	1,064,198	1,197,806	1,106,878	(90,928)
Instructional staff	424,494	572,107	499,799	(72,308)
General administration	340,374	328,026	290,318	(37,708)
School administration	1,195,276	1,237,354	1,235,357	(1,997)
Business	788,595	715,119	676,979	(38,140)
Operations and maintenance	2,229,031	2,352,333	2,371,842	19,509
Pupil transportation	759,743	714,618	665,790	(48,828)
Technology/data processing - Central	124,987	126,585	121,470	(5,115)
Staff/personel services	50,359	57,846	58,602	756
Community services	137,196	141,291	83,434	(57,857)
Capital outlay	260,900	593,933	617,749	23,816
Debt service	118,000	245,919	240,969	(4,950)
Intergovernmental payments	230,000	358,000	351,165	(6,835)
Other uses - operating transfers	529,000	1,163,519	1,179,016	15,497
Total expenditures and other uses	19,240,158	21,541,353	21,249,431	(291,922)
Net change in fund balance	160,285	(448,765)	(268,004)	180,760
Fund balance - beginning	1,852,106	2,803,252	2,803,252	-
Fund balance - ending	\$ 2,012,391	\$ 2,354,488	\$ 2,535,248	\$ 180,760

Alma Public Schools
Other Supplemental Information
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2004

	Nonmajor Special Revenue Funds			Nonmajor	Nonmajor	Total
	Food Services	Athletics	Community Services	Debt Fund	Capital Projects Fund	Nonmajor Governmental Funds
Assets						
Cash and cash equivalents	\$ 1,647	\$ -	\$ -	\$ 104,230	\$ -	\$ 105,877
Accounts receivable	-	664	7,260	-	-	7,924
Due from other funds	-	-	-	155	594,314	594,469
Inventory	7,956	-	5,081	-	-	13,037
Prepaid expenses	1,750	693	1,183	-	-	3,626
Total assets	<u>\$ 11,353</u>	<u>\$ 1,357</u>	<u>\$ 13,524</u>	<u>\$ 104,385</u>	<u>\$ 594,314</u>	<u>\$ 724,933</u>
Liabilities and Fund Balance						
Liabilities						
Accounts payable	\$ 1,426	\$ 720	\$ 9,226	\$ 155	\$ 103,422	\$ 114,949
Due to other funds	7,541	250	3,718	-	-	11,509
Deferred revenue	-	-	580	-	-	580
Total liabilities	<u>8,967</u>	<u>970</u>	<u>13,524</u>	<u>155</u>	<u>103,422</u>	<u>127,038</u>
Fund Balance						
Reserved for debt service	-	-	-	104,230	-	104,230
Reserved for capital outlay	-	-	-	-	490,892	490,892
Reserved for prepaids and inventory	9,706	693	-	-	-	10,399
Undesignated (deficit)	(7,320)	(306)	-	-	-	(7,626)
Total fund balance	<u>2,386</u>	<u>387</u>	<u>-</u>	<u>104,230</u>	<u>490,892</u>	<u>597,895</u>
Total liabilities and fund balance	<u>\$ 11,353</u>	<u>\$ 1,357</u>	<u>\$ 13,524</u>	<u>\$ 104,385</u>	<u>\$ 594,314</u>	<u>\$ 724,933</u>

Alma Public Schools
Other Supplemental Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balance -
Nonmajor Governmental Funds
Year Ended June 30, 2004

		Nonmajor Special Revenue Funds			Nonmajor	Nonmajor	Total
		Food Services	Athletics	Community Services	Debt Fund	Capital Projects Fund	Nonmajor Governmental Funds
Revenues							
Local	\$	324,963	\$ 100,720	\$ 126,503	\$ 623,375	\$ -	\$ 1,175,561
State		37,294	-	-	-	-	37,294
Federal		368,867	-	-	-	-	368,867
Other sources - operating transfers		-	441,435	128,062	489,647	609,519	1,668,663
Total revenues and other sources		731,124	542,155	254,565	1,113,022	609,519	3,250,385
Expenditures							
Food services		735,545	-	-	-	-	735,545
Athletics		-	528,290	-	-	-	528,290
Community services		-	-	252,445	-	-	252,445
Debt service		-	-	-	1,119,130	-	1,119,130
Capital outlay		9,973	21,591	3,108	-	118,627	153,299
Total expenditures		745,518	549,881	255,553	1,119,130	118,627	2,788,708
Net change in fund balance		(14,394)	(7,726)	(988)	(6,108)	490,892	461,676
Fund balance - beginning		16,780	8,113	988	110,338	-	136,219
Fund balance - ending	\$	2,386	\$ 387	\$ -	\$ 104,230	\$ 490,892	\$ 597,895

**Alma Public Schools
General Fund
Comparative Balance Sheet
June 30, 2004 and 2003**

	June 30, 2004	2003
Assets		
Cash and cash equivalents	\$ 107,897	\$ 32,454
Accounts receivable	267,632	105,188
Due from other governmental units	3,085,235	3,024,476
Prepaid expenditures	36,112	21,042
Inventory	57,943	63,953
Investments	<u>2,510,524</u>	<u>2,810,763</u>
Total Assets	\$ <u>6,065,343</u>	\$ <u>6,057,876</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 194,811	\$ 249,500
Salaries payable	833,143	804,774
Accrued expenses	863,501	635,399
Accrued interest on short term note	12,302	18,971
Short term note	1,000,000	1,500,000
Due to other funds	581,031	6,072
Deferred revenue	<u>45,307</u>	<u>39,908</u>
Total liabilities	<u>3,530,095</u>	<u>3,254,624</u>
Fund Balance		
Reserved for inventory	57,943	63,953
Reserved for prepaid expenditures	36,112	21,042
Reserved for grants	342,765	745,327
Reserved for contributions	13,060	39,498
Unreserved:		
Undesignated	<u>2,085,368</u>	<u>1,933,432</u>
Total fund balance	<u>2,535,248</u>	<u>2,803,252</u>
Total Liabilities and Fund Balance	\$ <u>6,065,343</u>	\$ <u>6,057,876</u>

Alma Public Schools
General Fund
Comparative Statement of Revenues - Budget and Actual
Year Ended June 30, 2004
(With Comparative Totals for 2003)

	Year Ended June 30, 2004			For the Year Ended June 30, 2003
	Budget	Actual	Over (Under) Budget	
Revenue from local sources				
Property tax levy	\$ 1,828,159	\$ 1,770,167	\$ (57,992)	\$ 1,698,451
Other taxes	10,300	15,335	5,035	18,396
Tuition and transportation	22,000	33,554	11,554	24,716
Earnings from investments and deposits	16,000	17,398	1,398	22,148
Childcare	123,000	64,329	(58,671)	130,371
Facility rental	87,000	89,995	2,995	68,266
Vending	36,500	44,486	7,986	37,098
Other local revenues	9,000	6,626	(2,374)	69,691
Total revenue from local sources	<u>2,131,959</u>	<u>2,041,890</u>	<u>(90,069)</u>	<u>2,069,137</u>
Revenue from state sources				
Grants - unrestricted				
State school aid	14,379,816	14,419,210	39,394	14,535,293
Grants - restricted - received through State and Intermediate School District				
Special education	569,945	549,277	(20,668)	651,246
Adult education	32,485	38,545	6,060	108,221
Vocational education	76,888	87,353	10,465	56,612
At risk	499,828	499,285	(543)	446,454
Michigan school readiness	142,408	177,208	34,800	173,660
Summer school	-	-	-	3,658
Small class size	572,277	572,274	(3)	471,030
Durant	34,719	34,719	-	34,719
Other	11,000	10,345	(655)	17,180
Total revenue from state sources	<u>16,319,366</u>	<u>16,388,217</u>	<u>68,851</u>	<u>16,498,073</u>
Revenue from federal sources				
Grants - restricted - direct federal source				
Drug and violence prevention	34,499	34,506	7	44,042
21st century community learning center	354,606	290,664	(63,942)	287,653
Elementary counseling	177,514	84,543	(92,971)	-
Grants - restricted - received through State and Intermediate School District				
Title I	689,449	692,449	3,000	439,498
Title V part A	27,972	27,023	(949)	470
Comprehensive school reform	88,470	80,424	(8,046)	-
Eisenhower	-	-	-	6,521
Drug free schools	-	2,894	2,894	5,785
Adult basic education	12,000	13,614	1,614	12,100

Alma Public Schools
General Fund
Year Ended June 30, 2004
(With Comparative Totals for 2003)

	Year Ended June 30, 2004			For the Year Ended June 30, 2003
	Budget	Actual	Over (Under) Budget	
Revenues from federal sources - continued	\$ -	\$ -	\$ -	\$ -
Child care food program	\$ 10,000	\$ 5,196	\$ (4,804)	\$ 10,927
Medicaid outreach	55,000	65,703	10,703	43,652
Class size reduction	166,845	166,845	-	145,182
Technology literacy	12,184	10,355	(1,829)	87,889
Total revenue from federal sources	<u>1,628,539</u>	<u>1,474,216</u>	<u>(154,323)</u>	<u>1,083,719</u>
Revenues from interdistrict sources				
County special education tax	700,000	739,490	39,490	705,609
Partnership for adult learning (PAL)	37,825	37,825	-	126,629
Area vocational reimbursement	265,900	299,210	33,310	171,879
Miscellaneous	9,000	579	(8,421)	25,380
Total revenue from interdistrict sources	<u>1,012,725</u>	<u>1,077,104</u>	<u>64,379</u>	<u>1,029,497</u>
Total revenues	<u>\$ 21,092,589</u>	<u>\$ 20,981,427</u>	<u>\$ (111,162)</u>	<u>\$ 20,680,426</u>

Alma Public Schools
General Fund
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2004
(With Comparative Amounts for 2003)

	Year Ended June 30, 2004			For the Year Ended June 30, 2003
	Budget	Actual	Over (Under) Budget	
Instruction				
Basic programs				
Elementary				
Salaries	\$ 2,342,795	\$ 2,350,561	\$ 7,766	\$ 2,064,421
Employee benefits	916,134	922,668	6,534	770,047
Purchased services	2,441	50	(2,391)	1,585
Supplies and materials	85,874	85,280	(594)	131,614
Other	5,593	3,488	(2,105)	5,463
	<u>3,352,837</u>	<u>3,362,047</u>	<u>9,210</u>	<u>2,973,130</u>
Intermediate				
Salaries	1,845,876	1,820,352	(25,524)	1,867,511
Employee benefits	727,914	700,077	(27,837)	703,589
Purchased services	6,250	9,625	3,375	12,676
Supplies and materials	77,090	82,534	5,444	121,675
Other	12,934	15,277	2,343	11,176
	<u>2,670,064</u>	<u>2,627,865</u>	<u>(42,199)</u>	<u>2,716,627</u>
High school				
Salaries	1,801,952	1,847,329	45,377	1,491,522
Employee benefits	687,086	695,929	8,843	549,631
Purchased services	21,335	24,943	3,608	20,796
Supplies and materials	80,489	130,240	49,751	65,230
Other	97,833	23,282	(74,551)	1,973
	<u>2,688,695</u>	<u>2,721,723</u>	<u>33,028</u>	<u>2,129,152</u>
Preschool				
Salaries	111,479	111,565	86	115,688
Employee benefits	24,639	25,740	1,101	30,657
Purchased services	2,780	3,540	760	3,378
Supplies and materials	7,300	7,270	(30)	5,987
Other	800	1,164	364	511
	<u>146,998</u>	<u>149,279</u>	<u>2,281</u>	<u>156,221</u>
Other basic programs				
Salaries	111,708	130,590	18,882	106,338
Employee benefits	22,411	24,829	2,418	19,241
Purchased services	4,300	13,522	9,222	5,548
Supplies and materials	53,131	25,538	(27,593)	68,682
	<u>191,550</u>	<u>194,479</u>	<u>2,929</u>	<u>199,809</u>
Added needs				
Special education				
Salaries	1,023,564	1,023,349	(215)	957,369
Employee benefits	367,297	370,643	3,346	346,019
Supplies and materials	12,229	15,948	3,719	25,067
Other	5,625	-	(5,625)	20
	<u>1,408,715</u>	<u>1,409,940</u>	<u>1,225</u>	<u>1,328,475</u>

Alma Public Schools
General Fund
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2004
(With Comparative Amounts for 2003)

	Year Ended June 30, 2004			For the Year Ended June 30, 2003
	Budget	Actual	Over (Under) Budget	
Compensatory education				
Salaries	\$ 494,171	\$ 488,336	\$ (5,835)	\$ 518,566
Employee benefits	138,199	147,630	9,431	146,127
Purchased services	7,280	-	(7,280)	5,800
Supplies and materials	41,054	32,393	(8,661)	12,562
Other	-	192	192	9,581
	<u>680,704</u>	<u>668,551</u>	<u>(12,153)</u>	<u>692,636</u>
Vocational education				
Salaries	326,811	343,465	16,654	284,039
Employee benefits	116,056	123,917	7,861	97,482
Purchased services	-	19,760	19,760	17,023
Supplies and materials	3,300	32,786	29,486	41,692
Other	56,634	133	(56,501)	274
	<u>502,801</u>	<u>520,061</u>	<u>17,260</u>	<u>440,510</u>
Adult education				
Salaries	55,582	56,498	916	317,170
Employee benefits	17,315	17,276	(39)	100,755
Purchased services	15,228	15,211	(17)	21,354
Supplies and materials	4,758	5,485	727	18,451
Other	1,650	1,647	(3)	6,157
	<u>94,533</u>	<u>96,117</u>	<u>1,584</u>	<u>463,887</u>
Total Instruction	<u>11,736,897</u>	<u>11,750,062</u>	<u>13,165</u>	<u>11,100,447</u>
Supporting Services				
Pupil				
Guidance services				
Salaries	386,359	385,572	(787)	347,794
Employee benefits	139,404	141,044	1,640	110,396
Purchased services	77,310	20,572	(56,738)	6,244
Supplies and materials	15,500	9,554	(5,946)	12,454
	<u>618,573</u>	<u>556,742</u>	<u>(61,831)</u>	<u>476,888</u>
Speech Pathology				
Salaries	133,554	137,911	4,357	130,936
Employee benefits	57,637	58,742	1,105	54,805
Purchased services	-	90	90	131
Supplies and materials	1,900	1,796	(104)	1,641
	<u>193,091</u>	<u>198,539</u>	<u>5,448</u>	<u>187,513</u>

Alma Public Schools
General Fund
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2004
(With Comparative Amounts for 2003)

	Year Ended June 30, 2004			For the Year Ended June 30, 2003
	Budget	Actual	Over (Under) Budget	
Social Work services				
Salaries	\$ 89,781	\$ 89,982	\$ 201	\$ 111,859
Employee benefits	42,956	42,795	(161)	45,693
Purchased services	300	158	(142)	742
Supplies and materials	500	-	(500)	418
	<u>133,537</u>	<u>132,935</u>	<u>(602)</u>	<u>158,712</u>
Other pupil services				
Salaries	189,566	166,368	(23,198)	197,429
Employee benefits	43,389	34,624	(8,765)	41,128
Purchased services	6,350	6,900	550	5,154
Supplies and materials	13,300	10,770	(2,530)	5,402
	<u>252,605</u>	<u>218,662</u>	<u>(33,943)</u>	<u>249,113</u>
Instructional staff				
Improvement of instruction				
Salaries	18,048	18,730	682	11,315
Employee benefits	3,725	3,869	144	2,335
Purchased services	94,266	38,652	(55,614)	54,557
Supplies and materials	1,500	392	(1,108)	1,605
Other	2,800	3,320	520	2,220
	<u>120,339</u>	<u>64,963</u>	<u>(55,376)</u>	<u>72,032</u>
Library				
Salaries	197,556	197,718	162	215,697
Employee benefits	88,748	83,902	(4,846)	87,781
Purchased services	15,280	12,759	(2,521)	1,030
Supplies and materials	20,300	19,539	(761)	12,503
	<u>321,884</u>	<u>313,918</u>	<u>(7,966)</u>	<u>317,011</u>
Audiovisual				
Purchased services	-	-	-	13,785
Supplies and materials	-	-	-	5,861
	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,646</u>
Supervision of staff				
Salaries	88,655	88,543	(112)	69,806
Employee benefits	29,229	30,051	822	24,355
Purchased services	5,200	1,051	(4,149)	1,230
Supplies and materials	6,600	1,273	(5,327)	642
Other	200	-	(200)	103
	<u>129,884</u>	<u>120,918</u>	<u>(8,966)</u>	<u>96,136</u>
General administration				
Board of education				
Salaries	2,100	2,100	-	2,100
Purchased services	40,600	52,723	12,123	47,739
Supplies and materials	800	4,226	3,426	591
Other	57,350	2,352	(54,998)	9,244
	<u>100,850</u>	<u>61,401</u>	<u>(39,449)</u>	<u>59,674</u>

Alma Public Schools
General Fund
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2004
(With Comparative Amounts for 2003)

	Year Ended June 30, 2004			For the Year Ended June 30, 2003
	Budget	Actual	Over (Under) Budget	
Executive administration				
Salaries	\$ 109,737	\$ 110,855	\$ 1,118	\$ 121,911
Employee benefits	37,873	36,942	(932)	54,026
Purchased services	-	11,581	11,581	10,148
Supplies and materials	-	1,196	1,196	1,746
Other	17,000	6,802	(10,198)	3,194
	<u>164,610</u>	<u>167,376</u>	<u>2,766</u>	<u>191,025</u>
Grant administration				
Salaries	49,231	49,231	-	48,305
Employee benefits	12,335	11,920	(415)	11,857
Purchased services	-	210	210	-
Supplies and materials	-	180	180	124
Other	1,000	-	(1,000)	149
	<u>62,566</u>	<u>61,541</u>	<u>(1,025)</u>	<u>60,435</u>
School administration				
Office of the principal				
Salaries	840,240	851,258	11,018	836,076
Employee benefits	327,223	328,620	1,397	291,172
Purchased services	34,941	32,230	(2,711)	45,377
Supplies and materials	18,850	18,397	(453)	28,945
Other	16,100	4,852	(11,248)	6,209
	<u>1,237,354</u>	<u>1,235,357</u>	<u>(1,997)</u>	<u>1,207,779</u>
Fiscal services				
Salaries	164,128	168,338	4,210	158,407
Employee benefits	81,493	82,369	876	74,731
Purchased services	39,300	34,922	(4,378)	40,516
Supplies and materials	7,450	6,636	(814)	6,795
Other	14,048	13,376	(672)	10,111
	<u>306,419</u>	<u>305,641</u>	<u>(778)</u>	<u>290,560</u>
Internal services				
Salaries	78,681	76,234	(2,447)	78,884
Employee benefits	26,207	25,893	(314)	24,914
Purchased services	44,424	2,505	(41,919)	46,198
Supplies and materials	9,800	40,553	30,753	10,734
	<u>159,112</u>	<u>145,185</u>	<u>(13,927)</u>	<u>160,730</u>
Other business services				
Salaries	180,507	178,400	(2,107)	11,963
Employee benefits	35,000	16,134	(18,866)	33,179
Purchased services	9,000	9,671	671	67,151
Other	25,081	21,948	(3,133)	8,229
	<u>249,588</u>	<u>226,153</u>	<u>(23,435)</u>	<u>120,522</u>

Alma Public Schools
General Fund
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2004
(With Comparative Amounts for 2003)

	Year Ended June 30, 2004			For the Year Ended June 30, 2003
	Budget	Actual	Over (Under) Budget	
Operation and maintenance of plant				
Salaries	\$ 833,002	\$ 868,829	\$ 35,827	\$ 873,895
Employee benefits	411,044	410,279	(765)	385,563
Purchased services	542,787	519,736	(23,051)	715,651
Supplies and materials	565,000	572,718	7,718	150,244
Other	500	280	(220)	55
	<u>2,352,333</u>	<u>2,371,842</u>	<u>19,509</u>	<u>2,125,408</u>
Pupil transportation services				
Salaries	381,584	375,551	(6,033)	414,472
Employee benefits	189,558	172,567	(16,991)	194,552
Purchased services	18,876	11,751	(7,125)	14,640
Supplies and materials	117,250	99,800	(17,450)	89,530
Other	7,350	6,121	(1,229)	6,182
	<u>714,618</u>	<u>665,790</u>	<u>(48,828)</u>	<u>719,376</u>
Technology/data processing-central				
Salaries	71,889	73,995	2,106	71,865
Benefits	32,146	32,565	419	30,074
Purchased services	16,500	8,432	(8,069)	17,043
Supplies and materials	5,750	6,248	498	5,527
Other	300	230	(70)	256
	<u>126,585</u>	<u>121,470</u>	<u>(5,115)</u>	<u>124,765</u>
Staff/personnel services				
Salaries	39,810	41,136	1,326	33,634
Benefits	13,036	13,289	253	10,998
Purchased services	-	2,934	2,934	3,774
Supplies	-	608	608	42
Other	5,000	635	(4,365)	99
	<u>57,846</u>	<u>58,602</u>	<u>756</u>	<u>48,547</u>
Total Supporting Services	<u>7,301,794</u>	<u>7,027,035</u>	<u>(274,759)</u>	<u>6,685,872</u>
Community Services				
Child care				
Salaries	93,204	50,747	(42,457)	90,017
Employee benefits	23,447	12,348	(11,099)	26,986
Purchased services	1,175	741	(434)	292
Supplies and materials	11,600	9,231	(2,369)	10,403
Other	200	195	(5)	257
	<u>129,626</u>	<u>73,262</u>	<u>(56,364)</u>	<u>127,955</u>
Other community services				
Salaries	-	4,174	4,174	-
Employee benefits	-	714	714	-
Purchased services	-	1,836	1,836	-
Supplies and materials	-	177	177	-
Other	11,665	3,271	(8,394)	-
	<u>11,665</u>	<u>10,172</u>	<u>(1,493)</u>	<u>-</u>
Total Community Services	<u>141,291</u>	<u>83,434</u>	<u>(57,857)</u>	<u>127,955</u>

Alma Public Schools
General Fund
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2004
(With Comparative Amounts for 2003)

	Year Ended June 30, 2004			For the Year Ended June 30, 2003
	Budget	Actual	Over (Under) Budget	
Capital Outlay				
Instruction				
Basic instruction	\$ 138,100	\$ 141,218	\$ 3,118	\$ 132,129
Added needs	109,058	128,521	19,463	111,767
	<u>247,158</u>	<u>269,739</u>	<u>22,581</u>	<u>243,896</u>
Support				
Guidance services	4,506	4,842	336	2,482
Library	3,428	3,564	136	11,375
Audio visual	-	-	-	5,129
Supervision of staff	11,500	2,903	(8,597)	1,230
Executive administration	-	-	-	1,232
School administration	2,700	2,165	(535)	2,803
Fiscal services	2,000	-	(2,000)	553
Internal services	-	450	450	-
Operations/maintenance services	1,000	42,387	41,387	361,943
Transportation services	166,541	162,228	(4,313)	135,897
Technology/data processing-central	69,100	45,004	(24,096)	84,140
Staff/personnel services	-	-	-	1,232
	<u>260,775</u>	<u>263,543</u>	<u>2,768</u>	<u>608,016</u>
Building and site improvement services	86,000	84,467	(1,533)	-
Total Capital Outlay	<u>593,933</u>	<u>617,749</u>	<u>23,816</u>	<u>851,912</u>
Intergovernmental payments	358,000	351,165	(6,835)	106,526
Debt Service				
Principal repayments	118,000	147,555	29,555	119,237
Interest	127,919	93,414	(34,505)	119,385
Total Debt Service	<u>245,919</u>	<u>240,969</u>	<u>(4,950)</u>	<u>238,622</u>
Other Financing Uses				
Fund modification				
Capital projects	609,519	609,519	-	-
Special revenue funds	554,000	569,497	15,497	573,170
Total Other Financing Uses	<u>1,163,519</u>	<u>1,179,016</u>	<u>15,497</u>	<u>573,170</u>
Total Expenditures and Other Financing Uses	<u>\$ 21,541,353</u>	<u>\$ 21,249,431</u>	<u>\$ (291,922)</u>	<u>\$ 19,684,504</u>

**Alma Public Schools
Special Revenue Funds
Combining Balance Sheet
June 30, 2004 and 2003**

					June 30, 2004				June 30, 2003 Total
					Food Service	Community Service	Athletics	Total	
Assets									
Cash and cash equivalents	\$	1,647	\$	-	\$	-	\$	1,647	\$ 6,390
Accounts receivable		-		7,260		664		7,924	7,750
Due from other funds		-		-		-		-	11,263
Inventory		7,956		5,081		-		13,037	19,569
Prepaid charges		1,750		1,183		693		3,626	2,481
Total Assets	\$	<u>11,353</u>	\$	<u>13,524</u>	\$	<u>1,357</u>	\$	<u>26,234</u>	\$ <u>47,453</u>
Liabilities and Fund Balance									
Liabilities									
Accounts payable	\$	1,426	\$	9,226	\$	720	\$	11,372	\$ 15,665
Due to other funds		7,541		3,718		250		11,509	5,147
Deferred revenue		-		580		-		580	760
Total liabilities		<u>8,967</u>		<u>13,524</u>		<u>970</u>		<u>23,461</u>	<u>21,572</u>
Fund Balance									
Reserved for inventory and prepaids		9,706		-		693		10,399	12,626
Unreserved and undesignated (deficit)		<u>(7,320)</u>		<u>-</u>		<u>(306)</u>		<u>(7,626)</u>	<u>13,255</u>
Total fund balance		<u>2,386</u>		<u>-</u>		<u>387</u>		<u>2,773</u>	<u>25,881</u>
Total liabilities And Fund Balance	\$	<u>11,353</u>	\$	<u>13,524</u>	\$	<u>1,357</u>	\$	<u>26,234</u>	\$ <u>47,453</u>

Alma Public Schools
Special Revenue Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Year Ended June 30, 2004
(With Comparative Totals for 2003)

For the Year Ended June 30, 2004										Year Ended June 30, 2003 Total
	Food Service		Community Service		Athletics		Totals			
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual		
Revenues										
Local sources	\$ 353,750	\$ 324,963	\$ 112,291	\$ 126,503	\$ 100,600	\$ 100,720	\$ 566,641	\$ 552,186	\$ 571,251	
State sources	34,250	37,294	-	-	-	-	34,250	37,294	41,429	
Federal sources	341,000	368,867	-	-	-	-	341,000	368,867	343,569	
Total revenues	729,000	731,124	112,291	126,503	100,600	100,720	941,891	958,347	956,249	
Expenditures										
Salaries	271,946	271,896	108,199	124,786	280,419	282,289	660,564	678,971	660,797	
Employee benefits	96,941	103,676	43,520	50,449	78,710	79,076	219,171	233,201	204,459	
Purchased services	8,050	9,032	41,898	52,083	51,535	84,032	101,483	145,147	175,418	
Supplies and materials	343,500	349,864	6,605	16,997	8,977	64,409	359,082	431,270	413,124	
Capital outlay	6,513	9,973	700	3,108	9,250	21,591	16,463	34,672	28,916	
Other	2,050	1,077	29,324	8,130	114,109	18,484	145,483	27,691	21,701	
Total expenditures	729,000	745,518	230,246	255,553	543,000	549,881	1,502,246	1,550,952	1,504,415	
Other Financing Sources										
Incoming transfers - General fund	-	-	119,000	128,062	435,000	441,435	554,000	569,497	573,170	
Excess (deficiency) of revenues and other financing sources over expenditures	-	(14,394)	1,045	(988)	(7,400)	(7,726)	(6,355)	(23,108)	25,004	
Fund Balance - July 1	16,780	16,780	988	988	8,113	8,113	25,881	25,881	877	
Fund Balance - June 30	\$ 16,780	\$ 2,386	\$ 2,033	\$ -	\$ 713	\$ 387	\$ 19,526	\$ 2,773	\$ 25,881	

**Alma Public Schools
Debt Service Funds
June 30, 2004 and 2003**

	June 30, 2004			June 30, 2003
	2000 Debt Service	2003 Debt Service	Total	Total
Assets				
Cash	\$ 101,969	\$ 2,261	\$ 104,230	\$ 110,382
Due from other funds	<u>155</u>	<u>-</u>	<u>155</u>	<u>-</u>
Total Assets	<u>\$ 102,124</u>	<u>\$ 2,261</u>	<u>\$ 104,385</u>	<u>\$ 110,382</u>
Liabilities and Fund Balance				
Liabilities				
Accounts payable	\$ 155	\$ -	\$ 155	\$ -
Interfund payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>44</u>
Total liabilities	<u>155</u>	<u>-</u>	<u>155</u>	<u>44</u>
Fund Balance - Reserved for Debt	<u>101,969</u>	<u>2,261</u>	<u>104,230</u>	<u>110,338</u>
Total Liabilities and Fund Balance	<u>\$ 102,124</u>	<u>\$ 2,261</u>	<u>\$ 104,385</u>	<u>\$ 110,382</u>

Alma Public Schools
Debt Service Funds
Statement of Revenues, Expenditures
and Changes in Fund Balance
Year Ended June 30, 2004
(With Comparative Totals for 2003)

	June 30, 2004			June 30, 2003
	2000 Debt Service	2003 Debt Service	Total	Total
Revenues				
Local sources				
Property tax levy	\$ 617,591	\$ -	\$ 617,591	\$ 602,315
Interest revenue	3,411	2,373	5,784	5,946
Total revenues	<u>621,002</u>	<u>2,373</u>	<u>623,375</u>	<u>608,261</u>
Other Financing Sources				
Transfers in	-	489,647	489,647	-
Total revenues and other financing sources	<u>621,002</u>	<u>492,020</u>	<u>1,113,022</u>	<u>608,261</u>
Expenditures				
Redemption of bonds	390,000	-	390,000	360,000
Interest on debt	239,075	489,647	728,722	255,275
Other transactions	21	-	21	49
Paying agent fees	275	112	387	-
Total expenditures	<u>629,371</u>	<u>489,759</u>	<u>1,119,130</u>	<u>615,324</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(8,369)	2,261	(6,108)	(7,063)
Fund Balance - July 1	<u>110,338</u>	-	<u>110,338</u>	<u>117,401</u>
Fund Balance - June 30	<u>\$ 101,969</u>	<u>\$ 2,261</u>	<u>\$ 104,230</u>	<u>\$ 110,338</u>

**Alma Public Schools
Capital Projects Funds
Balance Sheet
June 30, 2004 and 2003**

	June 30, 2004			June 30, 2003
	Grant Capital Projects	2003 Bond Capital Projects	Total	Total
Assets				
Investments	\$ -	\$ 22,529,768	\$ 22,529,768	\$ -
Due from other funds	<u>594,314</u>	<u>-</u>	<u>594,314</u>	<u>-</u>
Total Assets	<u>\$ 594,314</u>	<u>\$ 22,529,768</u>	<u>\$ 23,124,082</u>	<u>\$ -</u>
Liabilities and Fund Balance				
Liabilities				
Accounts payable	\$ 103,422	\$ 1,223,587	\$ 1,327,009	\$ -
Fund Balance - Reserved for Capital Outlay	<u>490,892</u>	<u>21,306,181</u>	<u>21,797,073</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 594,314</u>	<u>\$ 22,529,768</u>	<u>\$ 23,124,082</u>	<u>\$ -</u>

**Alma Public Schools
Capital Projects Funds
Statement of Revenues, Expenditures
and Changes in Fund Balance
Year Ended June 30, 2004
(With Comparative Totals for 2003)**

	June 30, 2004			June 30, 2003 Total
	Grant Capital Projects	2003 Bond Capital Projects	Total	
Revenues				
Local sources	\$ -	\$ 274,774	\$ 274,774	\$ -
State sources	-	-	-	286,845
Total revenues	-	274,774	274,774	286,845
Expenditures				
Bond discount	-	181,350	181,350	-
Capital outlay	100,511	1,444,578	1,545,089	282,053
Contracted services	18,116	748,108	766,224	4,792
Other expenditures	-	2,653	2,653	-
Total expenditures	118,627	2,376,689	2,495,316	286,845
Deficiency of revenues over expenditures	(118,627)	(2,101,915)	(2,220,541)	-
Other Financing Sources (uses)				
Holding loss on investments	-	(282,257)	(282,257)	-
Bond proceeds	-	24,180,000	24,180,000	-
Transfer in(out)	609,519	(489,647)	119,872	-
Total other financing sources	609,519	23,408,096	24,017,615	-
Excess of revenues and other financing sources over expenditures and other financing uses	490,892	21,306,181	21,797,073	-
Fund Balance - July 1	-	-	-	-
Fund Balance - June 30	\$ 490,892	\$ 21,306,181	\$ 21,797,073	\$ -

Alma Public Schools
Trust and Agency Funds
June 30, 2004
(With Comparative Totals for 2003)

	Private Purpose Trust Funds	Agency Funds	Totals	
	Scholarship Funds	Activity Funds	June 30,	
			2004	2003
Assets				
Cash	\$ 7,193	\$ 175,239	\$ 182,432	\$ 176,915
Accounts receivable	-	-	-	4,140
Total Assets	<u>\$ 7,193</u>	<u>\$ 175,239</u>	<u>\$ 182,432</u>	<u>\$ 181,055</u>
 Liabilities and Fund Balance				
Liabilities				
Due to student groups	\$ -	\$ 173,310	\$ 173,310	\$ 172,884
Due to other funds	-	1,929	1,929	-
Total liabilities	-	175,239	175,239	172,884
 Fund Balance - Reserved for Scholarships	<u>7,193</u>	<u>-</u>	<u>7,193</u>	<u>8,171</u>
Total Liabilities And Fund Balance	<u>\$ 7,193</u>	<u>\$ 175,239</u>	<u>\$ 182,432</u>	<u>\$ 181,055</u>

Alma Public Schools
Private Purpose Trust Funds
Combining Statement of Revenues, Expenses
and Changes in Fund Balance
Year Ended June 30, 2004 and 2003

	Totals	
	June 30,	
	2004	2003
Revenues		
Interest on investments	\$ 22	\$ 67
Expenditures		
Awards	<u>1,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(978)	67
Fund balance - July 1	<u>8,171</u>	<u>8,104</u>
Fund Balance - June 30	\$ <u><u>7,193</u></u>	\$ <u><u>8,171</u></u>

Alma Public Schools
Agency Funds
Changes in Amounts Due to Student Groups
Year Ended June 30, 2004

	Due to Student Groups July 1, 2003	Cash Receipts	Cash Disbursements	Due to Student Groups June 30, 2004
Activity Funds				
High School accounts				
Advanced Placement Test	\$ 1,649	\$ 1,615	\$ 1,496	\$ 1,768
All Student Fund	565	56	122	499
Alma Soccer Club	1	-	-	1
Annual Yearbook	10,929	47,244	46,018	12,155
Art	250	-	-	250
At-risk	12	-	-	12
Band	5	233	193	45
Boys Basketball	90	554	43	601
Business Professionals	1,007	3,589	4,586	10
Cheerleading	-	6,269	4,430	1,839
Class of 1999	9	-	9	-
Class of 2000	1	-	1	-
Class of 2002	612	2	-	614
Class of 2003	46	326	-	372
Class of 2004	4,165	2,918	7,047	36
Class of 2005	2,437	12,727	10,399	4,765
Class of 2006	1,902	-	607	1,295
Class of 2007	-	6,401	4,061	2,340
Class of 2006 senior all night party	1,375	-	-	1,375
Close-up Activity	1,605	700	1,978	327
Community Center Snack Shop	-	467	269	198
Community Paw Print Shop	-	6,208	4,815	1,393
Consumer Science	6	96	71	31
Creative Writing Workshop	210	-	-	210
Cross Country	268	488	170	586
Cultural	62	-	-	62
Debate/Forensics	24	360	351	33
Drama Club	79	790	826	43
Electricity/Small Engines	300	-	-	300
Energy Conservation	2,688	-	-	2,688
Equestrian Club	79	-	-	79
FFA	2,203	25,805	24,289	3,719
FFA - Greenhouse	8,564	15,308	17,203	6,669
FFA - Land Lab	2,658	9,598	10,010	2,246
FFA/WCP	173	37,020	37,165	28
FHA/FCCLA	452	3,673	3,880	245
France Trip	1	-	-	1
French Club	3,998	3,649	2,632	5,015
General Office	4,061	6,702	7,513	3,250
German Trip	-	8,317	8,317	-

Alma Public Schools
Agency Funds
Changes in Amounts Due to Student Groups
Year Ended June 30, 2004

	Due to Student Groups July 1, 2003	Cash Receipts	Cash Disbursements	Due to Student Groups June 30, 2004
Golf - High School	\$ 20	\$ -	\$ -	\$ 20
Gratiot Area Hockey	136	-	-	136
Guidance - Testing Program	-	556	556	-
H.O.S.A.	1,192	4,156	4,279	1,069
High School IMC	1,030	1,158	1,032	1,156
Hope club	306	-	306	-
Humanities	52	307	-	359
Journalism	580	-	-	580
Kids football	35	-	-	35
League of Quality Distributors	4,534	-	2,940	1,594
Lift-a-thon	61	-	-	61
National Honor Society	475	2,517	2,390	602
National Vocational Tech	78	-	-	78
Parks for Us	225	1,163	-	1,388
Pep Club	223	-	199	24
Pom Pon Girls	-	1,053	672	381
Pride	22	-	-	22
S.A.A.D.	1,007	653	200	1,460
Snack shack	86	-	-	86
Soccer	10	-	-	10
Spanish Club	713	27,711	28,404	20
Stratford Trip	735	2,200	2,622	313
Student Challenge	886	-	-	886
Student Council	1,239	5,388	5,575	1,052
Student Council - Mid Michigan Conf.	3	-	-	3
Team Activities	105	-	-	105
U.S. History	59	2,398	2,278	179
Vocal Music	1,062	3,044	1,118	2,988
Vocational Lab Fees	2	-	-	2
Volleyball	269	-	-	269
Welding	730	5,075	5,439	366
Wood Shop	578	-	-	578
Youth Fund Raising	4,675	-	-	4,675
	<u>73,614</u>	<u>258,494</u>	<u>256,511</u>	<u>75,597</u>
Total High School accounts	73,614	258,494	256,511	75,597

Alma Public Schools
Agency Funds
Changes in Amounts Due to Student Groups
Year Ended June 30, 2004

	Due to Student Groups July 1, 2003	Cash Receipts	Cash Disbursements	Due to Student Groups June 30, 2004
Intermediate School Accounts				
A.M.S. Computer	\$ 39	\$ -	\$ -	\$ 39
Band	85	68	78	75
Cross Country	15	1,025	380	660
Drama	593	-	-	593
Hope Club	184	-	-	184
IMC	522	6,207	6,249	480
Luce Road Activity	14	918	932	-
Luce Teacher Pop	60	-	-	60
Magazine - 5th grade	2,833	5,629	7,016	1,446
Magazine - 6th grade	20,389	19,646	40,035	-
Magazine - 7th grade	1,923	6,046	5,617	2,352
Magazine - 8th grade	1,957	4,776	6,702	31
Middle School - General	931	881	339	1,473
Paw print	1,585	7,102	6,884	1,803
Sales and Development	7	-	-	7
Student Account - Pine Avenue	-	-	-	-
Student council	37	8,117	8,112	42
Student Store	178	5,468	5,528	118
Technology Club	455	543	259	739
Technology Club - Hillcrest	377	-	-	377
Technology Club - Pine Avenue	192	-	-	192
Wildcats	3,477	65,410	61,060	7,827
Total Intermediate School accounts	35,853	131,836	149,191	18,498
General Office	3,751	352	109	3,994
Other groups	59,666	191,130	175,575	75,221
Total Agency Fund	\$ 172,884	\$ 581,812	\$ 581,386	\$ 173,310

Alma Public Schools
Schedule of Bonded Indebtedness
June 30, 2004

DATE OF ISSUE - 2000

ORIGINAL AMOUNT OF ISSUE - \$ 5,805,000

PURPOSE OF ISSUE - For the purpose of refunding the portion of the School District's outstanding 1991 School Building and Site Bonds, dated June 25, 1991, which are due and payable on May 1, 2001 through May 1, 2012 and to pay the costs of issuing the bonds.

Interest Rate	Fiscal Year	Annual Maturity	Semi-Annual Interest Payments		Total
		May 1st	November 1st	May 1st	Fiscal Year Requirements
4.600%	2004-05	\$ 420,000	\$ 110,665	\$ 110,665	\$ 641,330
4.650%	2005-06	460,000	101,005	101,005	662,010
4.700%	2006-07	500,000	90,310	90,310	680,620
4.750%	2007-08	550,000	78,560	78,560	707,120
4.750%	2008-09	600,000	65,497	65,498	730,995
4.800%	2009-10	650,000	51,248	51,247	752,495
4.900%	2010-11	705,000	35,647	35,648	776,295
5.000%	2011-12	735,000	18,375	18,375	771,750
		<u>\$ 4,620,000</u>	<u>\$ 551,307</u>	<u>\$ 551,308</u>	<u>\$ 5,722,615</u>

Alma Public Schools
Schedule of Bonded Indebtedness
June 30, 2004

DATE OF ISSUE -2000

ORIGINAL AMOUNT OF ISSUE - \$ 1,200,000

PURPOSE OF ISSUE - For purpose of paying costs of providing energy conservation improvements to school facilities.

Interest Rate	Fiscal Year	Annual Maturity May 1st	Semi-Annual Interest Payments		Total Fiscal Year Requirements
			November 1st	May 1st	
5.050%	2004-05	\$ 60,000	\$ 26,753	\$ 26,754	\$ 113,507
5.100%	2005-06	70,000	25,239	25,238	120,477
5.150%	2006-07	75,000	23,453	23,454	121,907
5.200%	2007-08	80,000	21,523	21,522	123,045
5.300%	2008-09	85,000	19,442	19,443	123,885
5.350%	2009-10	90,000	17,190	17,190	124,380
5.400%	2010-11	95,000	14,783	14,782	124,565
5.500%	2011-12	100,000	12,217	12,218	124,435
5.600%	2012-13	105,000	9,468	9,467	123,935
5.650%	2013-14	110,000	6,527	6,528	123,055
5.700%	2014-15	120,000	3,420	3,420	126,840
		<u>\$ 990,000</u>	<u>\$ 180,015</u>	<u>\$ 180,016</u>	<u>\$ 1,350,031</u>

Alma Public Schools
Schedule of Bonded Indebtedness
June 30, 2004

DATE OF ISSUE - 1998

ORIGINAL AMOUNT OF ISSUE - \$ 347,193

PURPOSE OF ISSUE - Settlement for Durant

<u>Interest Rate</u>	<u>Fiscal Year</u>	<u>Annual Maturity May 15th</u>	<u>Annual Interest Payments May 15th</u>	<u>Total Fiscal Year Requirements</u>
4.760%	2004-05	\$ -	\$ -	\$ -
4.760%	2005-06	16,805	7,576	24,381
4.760%	2006-07	17,602	6,775	24,377
4.760%	2007-08	81,149	33,906	115,055
4.760%	2008-09	19,322	5,059	24,381
4.760%	2009-10	20,241	4,139	24,380
4.760%	2010-11	21,206	3,175	24,381
4.760%	2011-12	22,214	2,166	24,380
4.760%	2012-13	23,271	1,108	24,379
		<u>\$ 221,810</u>	<u>\$ 63,904</u>	<u>\$ 285,714</u>

Alma Public Schools
Schedule of Bonded Indebtedness
June 30, 2004

DATE OF ISSUE - 2003

ORIGINAL AMOUNT OF ISSUE - \$ 24,180,000

PURPOSE OF ISSUE - General obligation building and site bonds.

Interest Rate	Fiscal Year	Annual Maturity May 1st	Semi-Annual Interest Payments		Total Fiscal Year Requirements
			November 1st	May 1st	
3.200%	2004-05	\$ 545,000	\$ 521,518	\$ 521,518	\$ 1,588,036
3.200%	2005-06	560,000	512,798	512,798	1,585,596
3.200%	2006-07	570,000	503,838	503,838	1,577,676
3.200%	2007-08	570,000	494,718	494,718	1,559,436
3.200%	2008-09	575,000	485,598	485,598	1,546,196
3.300%	2009-10	580,000	476,398	476,398	1,532,796
3.350%	2010-11	585,000	466,828	466,828	1,518,656
3.600%	2011-12	620,000	457,029	457,029	1,534,058
3.750%	2012-13	925,000	445,869	445,869	1,816,738
3.850%	2013-14	925,000	428,525	428,525	1,782,050
4.000%	2014-15	925,000	410,719	410,719	1,746,438
4.100%	2015-16	925,000	392,219	392,219	1,709,438
4.200%	2016-17	925,000	373,256	373,256	1,671,512
4.300%	2017-18	925,000	353,831	353,831	1,632,662
4.400%	2018-19	925,000	333,944	333,944	1,592,888
4.500%	2019-20	925,000	313,594	313,594	1,552,188
4.550%	2020-21	925,000	292,781	292,781	1,510,562
4.600%	2021-22	925,000	271,738	271,738	1,468,476
4.600%	2022-23	925,000	250,463	250,463	1,425,926
4.750%	2023-24	925,000	229,188	229,188	1,383,376
4.750%	2024-25	925,000	207,219	207,219	1,339,438
4.750%	2025-26	925,000	185,250	185,250	1,295,500
4.750%	2026-27	925,000	163,281	163,281	1,251,562
4.750%	2027-28	950,000	141,313	141,313	1,232,626
5.000%	2028-29	950,000	118,750	118,750	1,187,500
5.000%	2029-30	950,000	95,000	95,000	1,140,000
5.000%	2030-31	950,000	71,250	71,250	1,092,500
5.000%	2031-32	950,000	47,500	47,500	1,045,000
5.000%	2032-33	950,000	23,750	23,750	997,500
		<u>\$ 24,180,000</u>	<u>\$ 9,068,165</u>	<u>\$ 9,068,165</u>	<u>\$ 42,316,330</u>

**Report on Internal Control Over Financing Reporting and on
Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With *Government Auditing
Standards***

Members of the Board of Education
Alma Public Schools
Alma, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alma Public Schools as of and for the year ended June 30, 2004, which collectively comprise the Alma Public Schools' basic financial statements and have issued our report thereon dated August 13, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Alma Public Schools' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Alma Public Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Education, management and related regulatory agencies and is not intended for and should not be used by anyone other than these specified parties.

Yeo & Yeo, P.C.

Alma, Michigan
August 13, 2004

Alma Public Schools

Alma, Michigan

Single Audit Report

June 30, 2004

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**Report on Internal Control Over Financing Reporting and on
Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With *Government Auditing
Standards***

Members of the Board of Education
Alma Public Schools
Alma, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alma Public Schools as of and for the year ended June 30, 2004, which collectively comprise the Alma Public Schools' basic financial statements and have issued our report thereon dated August 13, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Alma Public Schools' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Alma Public Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Education, management and related regulatory agencies and is not intended for and should not be used by anyone other than these specified parties.

Yeo & Yeo, P.C.

Alma, Michigan
August 13, 2004

**Report on Compliance With Requirements Applicable to Each Major
Program and on Internal Control Over Compliance in Accordance with
OMB Circular A-133**

Members of the Board of Education
Alma Public Schools
Alma, Michigan

Compliance

We have audited the compliance of the Alma Public Schools with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2004. The Alma Public School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the Alma Public Schools' management. Our responsibility is to express an opinion on the Alma Public Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Alma Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Alma Public Schools' compliance with those requirements.

In our opinion, the Alma Public Schools complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2004.

Internal Control over Compliance

The management of Alma Public Schools is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Alma Public Schools' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alma Public Schools as of and for the year ended June 30, 2004, and have issued our report thereon dated August 13, 2004. Our audit was performed for the purpose of forming an opinion on the basic financial statements that collectively comprise Alma Public Schools basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Education, management and others within the District, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Yeo & Yeo, P.C.

Alma, Michigan
August 13, 2004

Alma Public Schools
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2004

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Approved Award Amount	Accrued (Deferred) Revenue July 1, 2003	Prior Year Expenditures	Current Year Receipts	Current Year Expenditures	Accrued (Deferred) Revenue June 30, 2004
U.S. Department of Agriculture								
Passed through Michigan Department of Education								
Entitlement Commodities	10.550	-	\$ 29,577	\$ -	\$ -	\$ 29,577	\$ 29,577	\$ -
Bonus Commodities	10.550	-	4,198	-	-	4,198	4,198	-
Subtotal - USDA Donated Commodities			33,775	-	-	33,775	33,775	-
National School Lunch - Breakfast	10.553	031970	56,551	-	48,502	8,049	8,049	-
National School Lunch - Breakfast	10.553	041970	53,786	-	-	53,786	53,786	-
National School Lunch Sec. 4 - All Lunches	10.555	031950	38,713	-	33,188	5,525	5,525	-
National School Lunch Sec. 4 - All Lunches	10.555	041950	33,645	-	-	33,645	33,645	-
National School Lunch Sec. 11 - Free & Reduced	10.555	031960	220,730	-	187,601	33,129	33,129	-
National School Lunch Sec. 11 - Free & Reduced	10.555	041960	200,958	-	-	200,958	200,958	-
Subtotal - Child Nutrition Cluster			604,383	-	269,291	335,092	335,092	-
Child Care Food Program - Cash in Lieu of Commodities	10.558	031920	8,551	731	7,782	1,500	769	-
Child Care Food Program - Cash in Lieu of Commodities	10.558	041920	4,095	-	-	4,095	4,095	-
Child Care Food Program - Cash in Lieu of Commodities	10.558	032010	479	-	421	58	58	-
Child Care Food Program - Cash in Lieu of Commodities	10.558	042010	274	-	-	274	274	-
Subtotal - Child Care Food Program			13,399	731	8,203	5,927	5,196	-
Total U.S. Department of Agriculture			651,557	731	277,494	374,794	374,063	-
U.S. Department of Education								
Passed through Michigan Department of Education								
Adult Basic Education	84.002	041130144024	11,550	-	-	9,818	11,550	1,732
Adult Basic Education	84.002	041190411024	2,064	-	-	2,064	2,064	-
Subtotal - Adult Basic Education			13,614	-	-	11,882	13,614	1,732
Title I - School Planning Grants	84.010	0315200304	3,000	-	-	3,000	3,000	-
Title I - Part A	84.010	0315300203	359,329	24,942	359,329	24,942	-	-
Title I - Part A	84.010	0415300304	501,067	-	-	420,246	501,067	80,821
Title I - Part A Carryover	84.010	0315300304	188,382	-	-	159,178	188,382	29,204
Subtotal - Title I			1,051,778	24,942	359,329	607,366	692,449	110,025

Alma Public Schools
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2004

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Approved Award Amount	Accrued (Deferred) Revenue July 1, 2003	Prior Year Expenditures	Current Year Receipts	Current Year Expenditures	Accrued (Deferred) Revenue June 30, 2004
U.S. Department of Education (continued)								
Eisenhower	84.281	0202700203	\$ 6,521	\$ 6,521	\$ 6,521	\$ 6,521	\$ -	\$ -
Title V	84.298	0302500304	12,630	-	-	1,102	11,681	10,579
Title V	84.298	0402500304	15,342	-	-	6,273	15,342	9,069
Subtotal - Title V			27,972	-	-	7,375	27,023	19,648
Technology Literacy Challenge	84.318	0442900304	12,184	-	-	9,360	10,355	995
Comprehensive school reform	84.332	0318700304	88,470	-	-	79,693	80,424	731
Improving teacher quality	84.367	0305200203	156,135	13,697	145,182	13,697	-	-
Improving teacher quality	84.367	0305200304	10,953	-	-	10,953	10,953	-
Improving teacher quality	84.367	0405200304	155,892	-	-	115,213	155,892	40,679
Subtotal - Improving teacher quality			322,980	13,697	145,182	139,863	166,845	40,679
Total Passed Through Michigan Department of Education			1,523,519	45,160	511,032	862,060	990,710	173,810
Direct Program								
Drug & Violence Prevention Coordinator	84.184	S184K00016803	89,699	7,263	41,594	41,769	34,506	-
After School Learning Centers	84.287	S287B011344-03	303,234	33,798	199,026	138,006	104,208	-
After School Learning Centers	84.287	S287B011344-04	348,765	-	-	133,649	186,456	52,807
Elementary School Counseling	84.215	Q215E030180-04	177,514	-	-	48,074	84,543	36,469
Total Direct Program			919,212	41,061	240,620	361,498	409,713	89,276
Passed Through the Intermediate School District								
Drug Free Schools and Communities	84.186	-	7,936	(3,537)	4,399	-	2,894	(643)
Drug Free Schools and Communities	84.186	-	7,301	-	-	7,301	-	(7,301)
Total Passed Through the Intermediate School District			15,237	(3,537)	4,399	7,301	2,894	(7,944)
Total U.S. Department of Education			2,457,968	82,684	756,051	1,230,859	1,403,317	255,142
U.S. Department of Health and Human Services								
Passed Through Intermediate School District								
Medicaid Outreach	93.778	-	65,703	-	-	65,703	65,703	-
Total U.S. Department of Health and Human Services			65,703	-	-	65,703	65,703	-
Total Federal Awards			\$ 3,175,228	\$ 83,415	\$ 1,033,545	\$ 1,671,356	\$ 1,843,083	\$ 255,142

Alma Public Schools
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2004

1. The Schedule of Expenditures of Federal Awards was prepared using the accrual basis of accounting.
2. Management has reported the expenditures in the Schedule of Expenditures of Federal Awards equal to those amounts reported in the annual or final cost reports that have been submitted as of June 30, 2004.
3. The Federal amounts reported on the Form R-7120 "Grant Sections Auditor's Report" are in agreement with the Schedule of Expenditures of Federal Awards.
4. The amounts reported on the Recipient Entitlement Balance Report agree with the Schedule of Expenditures of Federal Awards for U.S.D.A. donated food commodities.

Alma Public Schools
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

• Material weakness(es) identified? ☐ yes ☒ no

• Reportable condition(s) identified that are not considered to be material weaknesses? ☐ yes ☒ no

Noncompliance material to financial statements notes? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

• Material weakness(es) identified? ☐ yes ☒ no

• Reportable condition(s) identified that are not considered to be material weakness(es)? ☐ yes ☒ none

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ☐ yes ☒ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
-----------------------	---

84.010	Title I Grants
--------	----------------

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? ☒ yes ☐ no

Alma Public Schools
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004
(continued)

Section II - Financial Statement Findings

There were no findings or questioned costs for the year ended June 30, 2004.

Section III - Federal Awards Findings and Questioned Costs

There were no findings or questioned costs for the year ended June 30, 2004.

Alma Public Schools
Summary Schedule of Prior Audit Findings
June 30, 2004

There were no findings or questioned costs for the year ended June 30, 2003.